

Tuesday, March 8, 2016

The Honorable Darwin Booher, Chair
Senate Banking and Financial Services Committee
Michigan Senate
State Capitol
Lansing, MI 48909

Dear Chairman Booher:

Good afternoon, my name is Dallas Lenear. I lead the Fair Lending Advocacy Group (FLAG) of the Micah Center in Grand Rapids. I am also the Religious Affairs Chair of the NAACP of Greater Grand Rapids, I was formerly the Executive Pastor of New Hope Baptist Church in GR.

I'm a husband and a father.

The Micah Center is a social justice organization comprised of 40 member churches. We are organized into 9 advocacy groups. FLAG is one of those nine. We've been working for 4 years to counteract the negative impact of payday lending on our local communities. Indeed, it is a negative impact. Recently, after preaching a sermon where I addressed PDL, a church member contacted me about her situation. She was caught in a payday debt cycle and had lost hope. In fact, she said that she was considering ending her life b/c she felt like her life had ended. Praise God, the church came to her rescue. Her story may be unique in its magnitude. However, she is not the lone victim of PDL.

We surveyed 370 respondents in early 2015. 78% described PDL's negatively – 20% stated that PDLs were "just postponing people's financial problems"; 58% said PDL were "creating new financial problems." PDL target those in our neighborhoods, in our faith congregations, in our businesses who are unable to make ends meet. But, they are making the problems worse – not better. PDL is a financial collision at the intersection of dire need and perverse greed.

Kent County has 41 PDL sites – making it the fourth largest home of PDLs in Michigan. In 49509 (city of Wyoming) in June 2007 (the latest that numbers are available), there are 7 sites – the most in the county. Those sites did \$15M in loans in 13 months of which \$1.9M were loan fees. All this at nearly 400% APR. This is making the problems worse – not better.

This is why we are firmly opposed to SB 842 and SB 843 both of which will further expand the calamitous reach of the PDL industry. It will catch already desperate and often uninformed consumers unawares. This will make the problem worse – not better.

Michiganders who go to PDL stores like a financial emergency room are not receiving medication to get them back on their feet as soon as possible. Rather, they are induced into a debt coma. Their situation is made worse – not better. [OVER]

We do acknowledge that residents find themselves in situations where they cannot make financial ends meet. However, solutions include things like community wide financial education, alternative, fair lending options, and protective legislation. We have defined fair short-term lending as containing these elements:

- 36% APR interest
- Includes a savings component
- Includes an educational component
- Can be paid in installments

We urge the committee not to move forward with these bills. Do not allow PDL companies to do business as credit service organizations and circumvent the already destructive payday loan regulations. Stop this here so that we can work together to make the financial options for Michiganders better – not worse.

Sincerely,

Rev. Dallas Lenear
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